Against the backdrop of a challenging global economic environment and modest growth in Singapore, SPH has shown resilience to deliver a commendable performance in the financial year ended 31 August 2012.

The Group operating revenue of $1,272.9 million for FY 2012 was 1.8 per cent higher than the previous year. The recurring earnings increased 0.3 per cent to $410.2 million but net profit was $365.5 million, down 5.9 per cent due to the fall in investment income as a result of the volatile financial markets.

Growth in the property and exhibitions businesses cushioned the lower profits from the newspaper and magazine segment.

Revenue from the newspaper and magazine businesses was $1,002.8 million, marginally lower by 1.0 per cent compared to the last financial year. Print advertisement revenue was $769.4 million, a slight decrease of 0.7 per cent.

Our newspaper circulation business held its ground and averaged 978,000 copies per day, a slight year-on-year decline of 0.3 per cent. This was achieved despite facing strong competition from digital and social media.

Following the launch of its all-in-one pricing package, and the decision made by the Audit Bureau of Circulations to include digital subscriptions as part of newspaper circulation, The Straits Times and The Sunday Times achieved 28,900 digital subscriptions daily. This brought its average daily circulation to a high of 373,900 copies, a strong growth of 4.9 per cent.

The Straits Times underwent a revamp, shortly after a change of editorship. Warren Fernandez took over from Han Fook Kwang as the Straits Times editor in February, while Fook Kwang became the managing editor of the English and Malay Newspapers division. This was followed by changes in appointments in the newsroom, a redesigned masthead and refreshed sections across the newspaper.

There were also changes in the Chinese Newspapers division. Lim Jim Koon, former editor and editorial adviser of Lianhe Zaobao, took over the helm of the division as Editor-in-Chief from 1 June this year, following Robin Hu’s departure.

Lianhe Zaobao was rejuvenated to attract more readers and advertisers. It launched its Web App for iPad and Android tablets in December 2011, followed by its iPad PDF app in February 2012. It also reached out to readers via social network channels like Facebook and Weibo. Along with zaobao.com, these digital initiatives have provided readers with a broader and more interactive access to its content.
CEO’s overview of group operations
The Business Times marked its 35th anniversary with a push into the digital world. An iPad application for the BT Weekend edition was launched, with plans for the launch of weekday iPhone and iPad editions, along with its own all-in-one pricing packages.

The New Paper initiated several new projects, including a weekly music entertainment supplement called Loud, a cycling event called Cycle Quest and a book entitled "50 Greatest Moments in Singapore Football". Annual reader engagement events such as The New Paper Big Walk and FiRST Film Fest were also held.

Berita Harian continued to engage the Malay community with a number of yearly events and projects such as the Berita Harian Achiever Award, Annual School Debate and Youth Badminton Tournament.

Tamil Murasu honoured three senior teachers at the annual Most Inspiring Tamil Teachers’ Awards, while tabla! marked its third anniversary in October 2011 with the launch of the tabla! Community Champion Award. It also presented the Bollywood blockbuster musical, Taj Express.

Besides the annual Executive contest, bilingual daily My Paper organised the Metropolitan Workshop series and Executive seminars, which offered insights on topics such as Singapore’s property market and career development.

Lianhe Wanbao collaborated with omy.sg to repack two of its top news stories into the form of a mobile app. The Fong Fei Fei Commemorative iPad e-book app was launched to commemorate the famous Taiwanese singer, while the Vice Ring Probe Android app was popular with readers.

Shin Min Daily News organised several signature events such as the SME Learning Cruise in July. The evening daily also launched a book called “Words of Wisdom” by Master Hsing Yun, a renowned Taiwanese monk, based on its popular column in the newspaper. The book was sold out within weeks of its release.

The Chinese student papers zbCOMMA, Thumbs Up and Thumbs Up Junior introduced new editorial content and expanded their activities to deepen their engagement with students, teachers, and parents.

The print Classifieds section was given a makeover to cater to the changing lifestyles and needs of our readers and advertisers. One of the new initiatives was to increase the font size of the ads. It also added new content plus QR codes so that potential buyers can view more pictures of properties and cars.

In January this year, The Gold Rush subscription campaign, targeting both The Straits Times and Lianhe Zaobao subscribers, was launched. It leveraged on the Chinese New Year activities and rising gold prices, and offered subscribers a chance to win gold bars in a lucky draw. The campaign attracted a total of 17,000 print and digital subscribers.

To support the all-in-one subscription of newspapers and online sites and apps, an SPH e-shop was set up. In addition, an SPH Rewards portal, a loyalty programme for direct subscribers of SPH newspapers, was introduced to engage subscribers through web and mobile apps, with treats, gifts and events.

SPH Magazines also took steps to enlarge its digital footprint by launching 25 digital editions of its publications on iPads, Android devices and desktop browsers.

Signature events such as the Her World’s Woman of the Year Awards, Women’s Fair, Shape Run, Men’s Health Urbanathlon, The Peak Golf Tournament and Home & Décor Fair continued to create buzz in the market.

In celebration of its second anniversary, Health No. 1 together with its sister publication Wellness No. 1, organised a health carnival at the Suntec Convention Centre for readers. Activities included health seminars, a bazaar, free health screening and TCM consultation.

SPH’s Chinese entertainment, lifestyle and social news magazine UW, was transformed into a stylish and chic magazine with richer content following its revamp in June. The award-winning ZbBz, the luxury magazine for bilingual elites, maintained robust advertising revenue growth.

SPH continued to upgrade its manufacturing equipment to enhance its production capabilities to meet the new challenges of the printing industry.

In September 2011, the Production division successfully completed the upgrade project for the Colorliner presses. The presses were equipped with a new press control system, enhanced colour capacity, digitised computer-to-plate system and more efficient speed plus tension controls.

Our print products continued to win international recognition for print quality. SPH won awards for all its three entries to the International Colour Quality Club. The awards reaffirmed the quality standards achieved by our three printing presses – the Colorliner, KBA and UNISET.
CEO’s overview of group operations
new media

On the digital front, The Straits Times’ interactive ads on its iPad edition steadily gained market attention and acceptance. Within its first year, 16 top advertisers supported the platform with $4 million worth of advertising sponsorship. The strong support augured well for the future development of SPH’s mobile platforms as more of our newspapers and products moved into the digital sphere.

One such product is the newly revamped STJobs, which went live as a mobile app on all devices in June 2012. Its presence on both the online and mobile platforms now attracts over two million visitors every month.

Following STJobs’ success, STProperty was launched. There are plans to roll out STClassifieds and STCars soon.

Our new media has also garnered a strong following regionally. 701Search launched chotot.vn in Vietnam and four maimai.com sites in China. These followed the success of its sister sites in Malaysia, Philippines and Indonesia. Mudah is now the largest online classifieds website in Malaysia, with Ayosdito and Berniaga being second in Philippines and Indonesia respectively.

The overall strategy of developing and monetising applications on smartphone and tablet devices have yielded promising results, with year-on-year growth of almost 70 per cent for smartphone advertising revenue.

There are now iPhone and Android apps for The Straits Times, Stomp, ST RazorTV, AsiaOne, SoShiok (food), omy.sg (entertainment), The New Paper (football), with audience numbers growing steadily.

Bilingual news and entertainment website omy.sg held its Singapore Blog Awards for the fifth year. The event was branded together with a series of social media events under the umbrella of Singapore Social Media Fiesta, a campaign which ran from April to July.

ShareInvestor, our internet financial media and technology subsidiary, completed the new BT Invest website in February and the revamp of the Bursa Malaysia website in June this year. It started the ShareInvestor Academy, an education arm with a focus on educating investors on maximising their investment returns. It also organised INVEST Fair Singapore and Malaysia together with The Business Times.
CEO's overview of group operations

book publishing

**Straits Times Press (STP)** launched Mr Lee Kuan Yew’s “My Lifelong Challenge - Singapore’s Bilingual Journey” and the Chinese edition of “Lee Kuan Yew - Hard Truths to keep Singapore Going”. It also published 17 new titles, such as the “Sustaining Stability, Serving Singapore – Monetary Authority of Singapore - 40th Anniversary”, “Where Lions Fly - 100 years of Aviation in Singapore”, “Close Watch: A Nation’s Resolve to Secure Singapore” and “Keeping the Faith - Syed Isa Semait, Mufti of Singapore”. Its “50 Greatest Moments in Singapore Football”, a book project involving the sports correspondents of The New Paper, was launched by President Tony Tan Keng Yam as part of the President’s Challenge.

**Focus Publishing Limited** published 10 coffee table books, including commemorative titles for Minister Mentor Lee Kuan Yew and Emeritus Senior Minister Goh Chok Tong. Leveraging on its strength in the publication of bilingual books, Focus Publishing also published Chinese Development Assistance Council’s 20th anniversary commemorative book, “A Little From All, Together It’s More”, the biography “Chang Yun Chung - Steering through the Storms”, National Taxi Association’s “Taxi Tales in Singapore” and People’s Association’s 40th anniversary book “Tales of Chingay”.

radio

**SPH UnionWorks** launched Singapore’s first new radio station in 20 years. **Kiss92**, which targets the modern and savvy aged 30 to 50 years old, went on air on 3 September this year. The station synergises with our stable of female magazines and newspaper features, to reach out to female listeners.

SPH UnionWorks’ existing radio stations, 91.3 FM and Radio 100.3, were rebranded **HOT FM91.3** and **UFM 100.3** respectively.

HOT FM91.3 saw its market share rise to 16 per cent in 2012 among listeners aged 15 to 39, making it the third most popular English station for those under 40. Its breakfast show, “Rod Monteiro and The Married Men”, grabbed the second spot of the Under-40 audience for weekday mornings in Nielsen ratings (March-May).

UFM 100.3 fine-tuned its programming to cater to its core target audience aged 35 to 49. The Chinese station also supported various community and charitable causes through its annual programme, “Star of the Week”.

All three stations are supported by their respective mobile iPhone and Android apps, with features to enhance the listening experience. To date, there are more than 300,000 downloads for the HOT FM91.3, Kiss92 and UFM 100.3 apps.

properties

**Paragon**, SPH’s key property asset, maintained 100 per cent occupancy for its retail, medical and office space. The iconic mall along Orchard Road offers unrivalled shopping experience for both locals and tourists – with over 200 stores including a diverse mix of renowned international luxury brands. In its continual efforts to enhance the shopping experience of shoppers, Paragon carried out extensive refurbishment to its external walkways and landscape areas in the past year.

The **Clementi Mall**, which was officially opened in May 2011, also enjoyed 100 per cent occupancy. It is a favourite heartland mall for residents living in Clementi, West Coast and the Holland-Bukit Timah area.

The **Seletar Mall**, located at the junction of Sengkang West Avenue and Fernvale Road, is slated for completion at the end of 2014. The mall is easily accessible via Fernvale LRT, which is linked to Sengkang North East Line MRT/LRT station and a bus interchange.

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events and exhibitions

Since its incorporation in 2008, Sphere Exhibits, SPH’s events and exhibitions arm, has organised a total of 58 exhibitions with over two million visitors. Sphere also owns two subsidiaries, Exhibits Inc and BizLink Exhibition Services.

For the past three years, Sphere has successfully organised a series of well-received consumer events such as Beerfest Asia and Asian Masters. In June 2012, Sphere added another high end consumer gourmet event - Gourmet Japan - into its portfolio.

Exhibits Inc continued to be the leading organiser in the IT and F&B sectors through its signature events – COMEX, IT SHOW, Food and Beverage Fair and World Food Fair.

Bizlink Exhibition Services enjoyed great success as a trade fair organiser as the Gifts & Premiums Fair entered its 13th year in 2012. It remained the appointed event organiser for the Franchising & Licensing Asia show in 2012.

Sphere also set up Sphere Conferences, a trade conference arm to organise premium conferences that span high-growth sectors such as healthcare and tourism, to name a few - both locally and across the region.

outdoor advertising

SPH MediaBoxOffice (SPHMBO) concentrated its efforts in providing new innovations through its extensive Digital and Static inventory to meet customers’ needs. Its Integrated Digital and Static Outdoor Campaigns were well received by the market.

It also allowed advertisers to include key messages in their outdoor ads to attract more eyeballs. For example, timely Stock Indices updates were provided on the SPHMBO screen in Raffles Place.

SPH buzz

SPH Buzz Pte Ltd increased its retail network to a total of 68 pods at major bus interchanges, MRT stations and commercial sites. These Buzz pods cater to the diverse needs of commuters by providing them with choice selections of affordable merchandise and essential modern day services.

In 2012, Buzz advanced its expansion strategy with the opening of its first 24-hour pod along Clementi Road. In addition, Buzz embarked on a refurbishment programme to achieve visual conformity across all its pods. They were refreshed with standardised chillers, signage, news tickers, and confectionary displays.

business outlook

FY 2012 had been an eventful year, and despite the challenging economic climate, SPH managed to weather the storm and turned in a creditable performance. However, the current FY looks equally, if not more challenging.

Given the unfavourable global outlook, we will monitor our cost structure carefully while making adjustments for a sustained performance.

The global media consumption trend continues to move towards digital publications. In Singapore, more people are using mobile devices to access information or get connected through social media. We will continue to invest in digital media, while sustaining our core newspaper business.

We will also pursue other growth businesses like property and exhibitions.

With the support of all our stakeholders - readers, advertisers, consumers, and our staff and unions - as well as the guidance from the Board, I am confident that SPH is well-placed to meet the demanding times ahead.

Chan Heng Loon, Alan
Chief Executive Officer